

**REGULATION TEXT**  
**TITLE 10, CALIFORNIA CODE OF REGULATIONS**  
**CHAPTER 5, SUBCHAPTER 4.7**  
**RH01018834**  
**JULY 2, 2002**

Deletions from existing regulations are in strikeout format. Additions or amendments to the existing regulations are in italic format.

ARTICLE 3

**§2632.8      Factor Weights.**

(a) For each type of coverage, four factor weights shall be ~~calculated~~, *evaluated*. *These four weights are:* one weight for each of the three mandatory factors listed in Section 2632.5(c)(1) through (3) and one for all the optional factors (from Section 2632.5(d)) ~~taken weights averaged together as a single factor weight~~.

(b) The data used to compute the weight shall be based on one of the following:

1. All of the subject company's currently insured vehicles;
2. The same data set used to perform the sequential analysis in Section 2632.7; or
3. The set of insured vehicles that may be published by the Department of Insurance.

(c) ~~For every insured vehicle in the data set and each rating factor utilized in the class plan:~~

- ~~1. First, calculate the premium using the initial relativities from Section 2632.7(c);~~
- ~~2. Second, calculate the premium excluding the rating factor being analyzed;~~
- ~~3. Third, calculate the absolute value of the difference between subdivision (c)(1) and subdivision (c)(2);~~
- ~~4. The weight for the rating factor being analyzed is the summation of the amounts in subdivision (3) divided by the number of calculations.~~

*The weight of a rating factor is defined as follows:*

*For additive and multiplicative factors, the weight of Rating Factor j =  $\Sigma/(R_i - R)/E_i * B$*

*Where  $R_i$  – Balanced relativity of the  $i^{th}$  category of rating factor j (the superscript j is omitted, the same below)*

*R – Weighted average relativity (the balanced relativities are weighted by the percent of exposure so that R should be equal to 0 for additive factors and 1 for multiplicative factors)*

*$E_i$  – Percent of exposure in the  $i^{th}$  category of rating factor j*

*B – Base rate*

NOTE: Authority: Section 1861.02, California Insurance Code; *Spanish Speaking Citizens Foundation, Inc. v. Low* (2000) 85 Cal.App.4<sup>th</sup> 1179 and *Calfarm Insurance Company v. Deukmejian* (1989) 48 Cal.3d 805. Reference: Sections 1861.02 and 1861.05, California Insurance Code.